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SIPDIS

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SUBJECT: SECURITY CONCERNS DAMPEN OMAN-IRAQ RELATIONSHIP

SUMMARY

1. (SBU) Iraqi and Omani diplomats agree that security concerns are frustrating the growth of bilateral relations, but disagree over whether Iraq has requested assistance. A draft joint statement forming the basis of a new bilateral relationship has yet to be signed, and the next binational committee meeting, scheduled in Baghdad late this summer, may be postponed or transferred to Muscat. Meanwhile, though Oman's MFA claims not object to Omani business travel to Iraq, it disavows responsibility for citizens' security. End summary.

SECURITY A PROBLEM

2. (SBU) On February 5, Econoff met Iraqi Embassy counterpart Falah Rasim (protect) to discuss the current state of Iraqi-Omani relations. Rasim bluntly identified Iraq's security situation as the most serious impediment to moving bilateral relations forward. FM Zebari's lobbying efforts during his November 2005 3-day visit to Oman failed to win a pledge to re-open the Omani mission in Baghdad. The next binational committee meeting, likely to be in September, should be in Baghdad since the last one was Muscat, but Rasim conceded security fears will likely either delay it or shift it to Muscat again. He acknowledged Omani companies' interest in investing in Iraq, but said they shelve plans over security worries. Rasim could only recall a \$8.5 million detergent powder contract that an Omani firm secured with Iraq's Ministry of Trade, though he noted that Oman was exporting sugar, tea, and soup to Iraq.

STUCK IN LIMBO

3. (SBU) Rasim referred to the joint statement drafted during the seventh Omani-Iraqi joint committee, held in Muscat on September 26, 2005, as the basis of a new bilateral relationship. The statement, yet to be approved, calls for the two countries to strengthen information sharing, encourage trade ties, and identify training opportunities for Iraqi government personnel. While pleased with the fact that two Iraqi diplomats entered Oman's Diplomatic Training Institute in 2005, Rasim said Iraq is eager for training opportunities in petroleum and civil engineering, and more progress in establishing linkages between universities and various ministries.

EMBASSY STATUS

4. (SBU) Rasim said Iraq is in the process of rebuilding its entire relationship with Oman, which started with the re-opening of its embassy in Muscat on October 26, 2004. The embassy now has an Ambassador, four counselors, and several second and third secretaries, though it recently withdrew its military attache (at the Iraqi Ambassador's request). Currently located in rented space, plans to construct a new chancery are on hold as Iraq continues to pursue funding through the Omani government. (Note: Omani FM Yusuf bin Alawi has previously told us that Oman's Madrid pledge of \$3 million can be earmarked for chancery construction. End note.)

THE OMANI VIEWPOINT

5. (SBU) In a February 5 meeting with Pol/Econ Chief, MFA Arab Affairs Department Chief Ambassador Ahmed bin Yusuf al-Harthy (protect) rejected any notion of reopening soon an Omani embassy in Baghdad, citing the poor security situation. On trade ties, he said the MFA was not actively discouraging Omani businessmen from traveling to Iraq, but disavowed any responsibility for their security given the lack of an

embassy. While he did not know precise trade figures, he suspected that Omani-Iraqi commerce was likely creeping upward. Contrary to the Iraqi diplomat's assertions about assistance requests, Ambassador al-Harthy said Iraqi FM Zebari made no such requests during his November visit. Al-Harthy noted Oman's impatience for a new government to be formed in Iraq, and urged the USG to pressure the Shia into including Sunni Arabs in a coalition.

BALTIMORE